

Committee on Resources, Full Committee

- - Rep. James V. Hansen, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6201 - - (202) 225-2761

Witness Statement

The Written Testimony of Robert E. Gasser

June 11, 2001

U.S House of Representatives

Committee on Resources

To the Honorable James V. Hansen, Chairman:

My name is Bob Gasser. I'm co-owner of Basin Fertilizer Co. in Merrill, Oregon; located on the Oregon and California border in the heart of the Klamath Basin. My great-grandfather, Frank Zumpfe, was the scout who selected the town site of Malin, Oregon, and established a Czech settlement there in 1909. The Czechs were drawn to the area by the Klamath Irrigation Project and the opportunity it provided to help hard-working people rise from poverty. My wife and I are both descendants of those Czech settlers and have planned on living here our entire lives, surrounded by friends and family members who also desire a wholesome, family and community oriented, country lifestyle.

My partner, Chris Moudry and I started our company in 1975 when we were both in our early twenties. With the help of our employees, we've built Basin Fertilizer into a successful operation that employs 26 people and provides ag services to over 600 Basin area farm families.

We have a loyal, family oriented company. The average employee has worked over 17 years with us. We have worked hard and built this private business into the kind of solid, tax-paying company that the American dream is built upon. Our company supports eighty individuals and collectively the 26 employees paid a minimum of over ½ million dollars in taxes last year. These taxes are being used against us to fund agencies like National Marine Fisheries Service and Fish and Wildlife.

Today, many previously solid Klamath Basin ag-dependent businesses are in serious trouble. We are in trouble not from a natural disaster or any decisions of our own. We are in trouble because of bad decisions that have been made by our government.

The National Marine Fisheries Service and the U.S. Fish and Wildlife Service caused the Klamath Basin Crisis. These two agencies came up with misguided Biological Opinions using unproven "voodoo science". These "opinions" handed down under the authority of the Endangered Species Act have been used to justify the destruction of an entire basin's economy, eco-system and thousands of personal lives.

Seriously, gentlemen, lives are being destroyed.

When the decision came on Black Friday, April 6th, 2001, my first thought was—"How is my business going to keep afloat?" Later that evening, a valued employee approached me with tears in his eyes wondering if he'd still have the job he loves. My focus immediately changed. "How can I and the people

who helped build this business survive together?" From that point on all my attention has been strictly focused on simple survival. It's hard to believe that this is happening in a productive area that works hard to feed our nation.

For three to four weeks following this devastating decision, I found my customers in denial and disbelief. No one could believe that their county, the United States, land of liberty and justice for all, could actually tear apart the very fabric of their lives based on such unjust, unfounded reasoning. This kind of arbitrary decision making happens in dictatorships or war-torn countries, not here. Most farmers and ranchers felt that surely someone in Washington D.C. would use common sense and rescind this ludicrous order to deliver zero water before it was actually too late to plant. That was not to be.

Today, businesses such as mine are in dire straits. We are projecting a loss of 85% of revenue in the Klamath Project lands that are receiving no water. The 15% remaining business is due to the limited number of ag wells.

How are ag dependent businesses in the Klamath Basin affected?

- Bankers are reluctant to make operating loans.
- There has been an immediate drop in sales ranging from 15% at a local restaurant to 90% loss at a recently closed auto repair shop in Tulelake.
- Mortgage payments can't be made.
- Property & equipment values have plummeted.
- The well-trained labor force is forced to leave the area.
- The value of businesses (including blue-sky) will never again be what it should be due to the fear of this happening again at the whim of some misinformed government agency.
- The American dream of owning one's own business is shattered. Now that dream is a nightmare and a liability.

The business impacts from shutting off our water are far-reaching. Oregon Employment Department reports that in the three counties of Klamath, Siskiyou and Modoc, approximately 2,061 farm labor jobs will be lost for a total of \$36 million in lost wages. These figures do not include approximately 880 more farm labor jobs that are not covered by the unemployment insurance program.

- Agricultural Employment in Klamath County represents—35% of total employment countywide
- Agricultural Employment in Siskiyou County represents—58% of total employment countywide
- **Agriculture represents 27% of total payroll in Klamath County, 47% in Siskiyou County**

This data provides evidence that not only is the agricultural financial infrastructure demolished but also the economic base of all three counties is seriously compromised. This man-made disaster has torn through Northern California and Southern Oregon like a tornado, leaving a wake of financial, physical and mental

destruction.

In your June 7th, memo, you asked me to discuss what I'm doing to help repair the situation. When this decision came down, I had no choice but to step away from my normal business routine, and devote my volunteer energy working to solve this crisis. I've been involved in planning a variety of community efforts to draw attention to this crisis, including the tractor rally, Kitzhaber Forum, and the May 7th, Klamath Basin Bucket Brigade which drew an estimated 18,000 frustrated people to the streets of Klamath Falls to protest the zero water allocation. Where else but in Southern Oregon could a mass of 18,000 protestors leave the streets cleaner after the protest with no signs of vandalism or violence. Unlike the radical so-called environmental groups, we don't destroy other's property and lives to further our cause. Klamath Basin People are the backbone of America but our backs are being broken by our own American government.

I'm on the committee that developed the Economic Impact Report. We've submitted this report to Congress. You must provide relief with the Economic Relief Package of \$221 million to help mitigate this unjust regulatory drought. Oregon State University Department of Ag & Resource Economics has concurred with the damage amounts suffered by this basin. Recently, President Bush signed a supplemental appropriations package for \$20 million. While this is a start, it in no way begins to cover the massive financial impacts of the April 6th taking of our water.

We need your help now. There must be an immediate independent review team to assess the data and scientific method used in this year's biological opinions for the two sucker species and the coho salmon. We believe that the suckerfish were mistakenly listed and should be delisted immediately. No science available can prove their endangered status. History has proven that these unprecedented high lake levels and high stream flows will kill more suckers and salmon, not save them. Undoubtedly, this government decision will kill the fish, wreck our basin eco-system and devastate thousands of people, financially, physically and mentally. The people making these drastic decisions must be held accountable for the destruction of the entire Klamath Basin. We can and we must amend the ESA to prevent future disasters of this nature. We must consider people, families and common sense.

My partner and I made a pledge to our employees to keep them on the job for this 2001 season. To do this, we've already cut hours, wages, overtime and health benefits. We're trying to keep our well-trained, licensed employees even if we make no profit and are forced to take out loans to pay them. To lose this valuable work force would surely be the death of our company. I'd like you to take a look at the two pages of pictures I've provided for you. They're all hard-working, self-motivated, non-subsidized Americans. If this crisis is not solved quickly, I'm going to have a real problem. These people will find their lives ruined when we can no longer provide them with the jobs they depend on. Please take a careful look at these families. If you choose not to help the Basin farming and ranching community, I'd like you to choose which page of people to let go. I'd also like your help when I have to tell these families that their livelihood is gone, maybe forever.

I'm not sure that I can deliver that message and ever look at our flag with pride again.

Thank you for coming, and thank you in advance for your determination to end this crisis.

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